

Message Text

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ACTION ARA-10

INFO OCT-01 ISO-00 CIAE-00 COME-00 EB-07 INR-07 LAB-04
NSAE-00 SIL-01 TRSE-00 DODE-00 PA-01 PRS-01 USIA-06
AGRE-00 /038 W

----- 113125 /66

R 131811Z DEC 76
FM AMEMBASSY GEORGETOWN
TO SECSTATE WASHDC 3862
INFO AMEMBASSY BRASILIA
AMEMBASSY BRIDGETOWN
AMEMBASSY CARACAS
AMEMBASSY KINGSTON
AMEMBASSY PARAMARIBO
AMEMBASSY PORT OF SPAIN

C O N F I D E N T I A L GEORGETOWN 2520

E.O. 11652: GDS
TAGS: ELAB, ECON, GY
SUBJECT: DEFENSE BONDS IN SUPPORT OF FALTERING ECONOMY

REF: (A) GEORGETOWN 2277, (B) GEORGETOWN 2505 (NOTAL)

1. THE "CHRONICLE" ON DECEMBER 13 REPORTED THAT A NATIONAL DEFENCE BONDS COMMITTEE HAS BEEN ESTABLISHED TO MOBILIZE SUPPORT FOR THE VOLUNTARY PURCHASE OF DEFENSE BONDS. THE BONDS WILL BE IN DENOMINATIONS OF 10, 20, 50 AND 100 DOLLARS FOR TEN YEAR PERIODS. THE COMMITTEE IS HEADED BY GUYANA TRADES UNION CONGRESS (GTUC) PRESIDENT BASIL BLAIR AND IS COMPOSED OF REPRESENTATIVES OF THE PEOPLE'S NATIONAL CONGRESS (PNC), THE OPPOSITON PEOPLE'S PROGRESSIVE PARTY (PPP), AND THE GTUC AS WELL AS REPRESENTATIVES FROM VARIOUS LOCAL ASSOCIATIONS.

2. THE COMMITTEE WAS SET UP DURING DISCUSSIONS BETWEEN THE GTUC AND A GOVERNMENT TEAM HEADED BY THE PM THAT WERE HELD ON THE EVENING OF DEC. 10.

3. COMMENT: BURNHAM HAD PREVIOUSLY DISCUSSED WITH THE GTUC THE POSSIBILITY OF A MANDATORY TEN PERCENT SURCHARGE ON INCOMES TO FINANCE THE DEFENSE BONDS
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(REF A). HOWEVER, HIS DECISION TO MAKE

CONTRIBUTIONS VOLUNTARY REPRESENTS A SIGNIFICANT SHIFT IN RESPONSE TO OPPOSITION BY WORKERS AND THE UNION MOVEMENT. THE OPPOSITION PPP HAS BEEN PRESSING BURNHAM TO JUSTIFY THE NEED FOR INCREASED DEFENSE EXPENDITURES IN THE FACE OF ECONOMIC CRISIS.

4. THERE ARE INCREASING SIGNS THAT THE GOVERNMENT FACES OTHER OPPOSITION TO ITS PLANNED PROGRAM OF AUSTERITY MEASURES. WORKERS CONTINUE TO DEMAND WAGE INCREMENTS AND SUGAR AND RICE FARMERS ARE NOT HAPPY WITH THE PROSPECT OF GREATLY REDUCED SUBSIDIES ON FOODSTUFFS. THE WILDCAT STRIKE BY THE BAUXITE WORKERS AT LINDEN (REF B) IS THE FIRST OUTRIGHT SIGN OF OPPOSITION TO THE GOG PROGRAM AND IF NOT SETTLED QUICKLY COULD UNHINGE THE GOG POSITION IN KEEPING UNION DEMANDS TO THE MINIMUM IN 1977.
MCCOY

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Message Attributes

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